



PRESS RELEASE

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Date: April 18, 2016

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IRS – Criminal Investigation

CI Release #: CI-2016-04-18-A

Three Texas Tax Return Preparers Sentenced to Prison for Filing False Tax Returns

*Defendants Prepared Tax Returns for Clients that Contained False and Inflated
Expenses and Credits*

Three El Paso, Texas, residents were sentenced to prison for preparing and conspiring to prepare false income tax returns, announced Acting Assistant Attorney General Caroline D. Ciralo of the Justice Department's Tax Division and U.S. Attorney Richard L. Durbin Jr. for the Western District of Texas.

Belia Mendoza, 60; Margarita Hernandez, 36; and Denise Duchene, 46, were convicted on Feb. 3 following a jury trial of conspiracy to defraud the United States for their involvement in a fraudulent tax return preparation scheme and numerous counts of aiding and assisting in the preparation and filing of materially false tax returns.

"Tax return preparers owe a duty to their clients to prepare true and accurate tax returns for filing with the Internal Revenue Service (IRS)," said Acting Assistant Attorney General Ciralo. "When preparers intentionally include false items on tax returns, they are not only violating that duty to their clients, but they are also violating the law and exposing themselves to significant penalties, including incarceration."

"The sentencing of these three tax return preparers sends a clear warning to unscrupulous tax preparers who break the law and abuse the tax system," said Special Agent in Charge William Cotter of the IRS-Criminal Investigation's San Antonio Field Office. "Knowingly falsifying documents filed with the IRS is a crime and IRS-Criminal Investigation works year-round pursuing those tax preparers who enrich themselves while cheating their clients and the U.S. Treasury."

At today's sentencing hearing, U.S. District Judge Frank Montalvo sentenced Mendoza to 96 months in prison, followed by five years of supervised release and ordered her to pay restitution to the IRS in the amount of \$35,391. On April 15, Hernandez was sentenced to 10 months in prison, followed by three years of supervised release and ordered to pay \$18,150 in restitution to the IRS. Also on Friday, Duchene was

sentenced to 33 months in prison, followed by three years of supervised release and ordered to pay \$2,394 in restitution to the IRS.

According to evidence and witness testimony introduced at the trial, Mendoza was the owner of Mendez Tax Services (MTS), a tax preparation business she operated out of her home in El Paso. Hernandez and Duchene, relatives of Mendoza's, were employees of MTS hired and trained by Mendoza to prepare tax returns for clients for tax years 2008, 2009 and 2010. From February 2009 until June 2011, Mendoza, Hernandez and Duchene conspired to prepare and submit to the IRS numerous false Forms 1040 (U.S. Individual Income Tax Returns).

To maximize their clients' fraudulently claimed income tax refunds, Mendoza, Hernandez and Duchene placed materially false items on the clients' tax returns, at times without the knowledge or consent of the clients, including false or inflated figures for unreimbursed employee business expenses, child and dependent care expenses and education credits. Income tax returns prepared by the defendants also included false filing statuses and improperly claimed Earned Income Tax Credits.

Acting Assistant Attorney General Ciruolo and U.S. Attorney Durbin commended special agents of IRS-Criminal Investigation, who investigated the case and Trial Attorney Joseph M. Giannullo of the Tax Division and Assistant U.S. Attorneys Adrian Gallegos and Rifian Newaz of the Western District of Texas, who prosecuted the case.

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